

TRADE AT RECORD LEVEL

Canada's foreign trade again reached a record level during the first six months of 1957, according to the Review of Foreign Trade published by the Dominion Bureau of Statistics. The rate of expansion, however, slowed markedly and thus paralleled the declining rate of general economic activity in Canada and elsewhere. Total exports stood at \$2,331,000,000, while imports were \$2,905,000,000. The consequent import balance of \$574 million was the highest ever recorded in a six-month period and was 6 per cent above the previous record established in the first six months of 1956.

Every leading trading area increased trade in both directions with Canada except the United Kingdom and Commonwealth countries, where, although exports to Canada increased, imports from Canada declined. Gains everywhere were smaller than those for the corresponding period in 1956 and especially in trade with the United States. Total exports were 1.2 per cent higher than the relevant figure for 1956 and imports advanced by 2.1 per cent. These figures compare with the respective increases of 11.7 per cent and 28.8 per cent recorded in the first half of 1956. The general upward movement of trade began in mid-1954 and imports rose almost uninterruptedly to a new high level in the first quarter of 1957 and thereafter declined to a seasonally adjusted annual rate of about \$5.7 billion in the second quarter of 1957. Exports reached their peak in the third quarter of 1956, then turned downward and by the second quarter of 1957 were running at a seasonally adjusted rate of about \$4.7 billion.

Between the first six months of 1956 and the same period of 1957, the average prices of exports and imports rose slightly. Import prices went up at a somewhat higher rate and there was a slight deterioration in the terms of trade. The price increases were accompanied by a fractional volume decline of both imports and exports.

World trade in 1956 attained a new record with a 10 per cent increase over the level of the previous year. Canada again ranked fourth among the leading trading countries, following the United States, the United Kingdom and the Federal Republic of Germany, with a close to 6 per cent share of world trade. On a per capita basis, Canada again led the world's traders followed by Belgium and Luxembourg, and according to preliminary data this trend remained unchanged at mid-1957.

The United States continued to be Canada's most important trading partner, supplying 74 per cent of Canadian imports and taking 60 per cent of total exports. Exports to the United States increased at about the same rate as total exports and set a new first half-year record. Imports from the United States rose at

about half the rate of the total import increase, but still achieved a record level. Iron and steel products providing about half the total imports, remained the largest group but did not quite hold their own.

The share of the United Kingdom in Canadian total trade declined fractionally to 11.5 per cent. Exports to the United Kingdom fell at twice the rate of the corresponding decrease in 1956, while imports rose at about one-third of the 1956 rate of increase. Imports from the United Kingdom were the highest for any first half-year period and were also concentrated heavily on iron and steel products.

Exports to Commonwealth countries fell to about the level of the first half of 1955, while imports rose by about the same rate at which exports declined. Exports to Europe rose, but imports from Europe increased even more, whereas in the case of Latin America the export increase was considerably in excess of that for imports. Japan accounted for half the trade with all other countries, and for this residual group as a whole imports fell by somewhat more than exports rose.

The principal factor in the export picture once more related to wheat, which went down by one-third, reversing the upswing of the previous year. Exports to Soviet countries, which made a very substantial appearance in 1956, declined by four-fifths; exports to other countries were also reduced, and the fall in exports to non-Soviet countries represented some two-thirds of the total decline. Grains and farinaceous products fell 28 per cent in total, while the remaining exports as a whole rose 6 per cent as compared with an increase of 9 per cent in the corresponding period of 1956. Wood, wood products and paper continued as the largest group, accounting for close to one-third of the export total, although the value of forest products was somewhat smaller than in the first half of 1956. Non-ferrous metals and products, which now include uranium, maintained its rate of increase and became the second largest commodity group, displacing agricultural and vegetable products by a wide margin.

Individually, newsprint, although increasing at a falling rate, continued as the principal commodity, while crude petroleum had the largest value gain of all export commodities. Aluminum recorded the second largest absolute increase, and uranium doubled in value to record a relative gain surpassed only by exports of used ships. There were also marked increases for flaxseed, tobacco, non-farm machinery, rolling mill products, pigs, ingots, blooms and billets. Planks and boards fell even more sharply than in the previous year, and there was also a marked fall in exports of aircraft.

On the import side, two main groups -- fibres, textiles and products and miscel-